

PROJECT TO SUPPORT THE CREDIT UNION AND WORKERS' BANK SYSTEM

(TC-00-03-02-4)

EXECUTIVE SUMMARY

Beneficiaries/ Executing Agency:	The direct beneficiaries of the proposed project will be the clients of the credit union and workers' bank system, the member cooperatives (49 credit unions and seven workers' banks), and the system Federation (FEDECREDITO), which will serve as the executing agency.	
Objectives and Components:	The general objective of the proposed project is to provide microenterprises and small businesses with greater access to financial resources by modernizing and institutionally strengthening the credit union and workers' bank system. This will expedite the incorporation of the system's member institutions (credit unions and workers' banks) into the regulated financial sector, in the context of the new Nonbank Financial Intermediaries Act. The modernization and institutional strengthening will mainly entail implementing FEDECREDITO's strategic plan, in order to comply with the requirements of the new Act for the strengthening and transformation of FEDECREDITO, for the benefit of the institutions and all the users of the system, small savings account holders, and those using credit services. The plan will be executed in the five main areas that follow: (1) organizational development; (2) financial management; (3) development of client services; (4) internal control and auditing; and (5) development of communications and information technology.	
Financing:	MIF Grant: Window III-A	US\$2,000,000
	Local Counterpart:	US\$ <u>1,300,000</u>
	Total:	US\$3,300,000
	Execution period:	US\$30 months
	Disbursement period:	US\$36 months
Exceptions to Bank policy:	None	
Special Contractual Conditions:	As a condition precedent to the first disbursement of the Bank's loan, the executing agency (FEDECREDITO) must submit to the Bank evidence that: (1) the institutional executing unit to be headed by an external advisor has been established and is made up of	

representatives from FEDECREDITO's administration and Board of Directors (governing body) and from the credit unions and workers' banks; (2) a permanent external advisor has been selected, who will be in charge of project management to provide strategic and technical advisory services; (3) the terms of reference for contracting the consultants needed to develop the various project components have been prepared; (4) an activities timeline for the first year of the project has been prepared; and (5) an implementation manual and the selection and eligibility criteria for consulting firms have been prepared (see paragraph 9.1).

**Committee on
Environment
and Social
Impact:**

The proposed project was reviewed by CESI at its meeting on 13 October 2000, and its recommendations have been incorporated into the project (see paragraph 4.7).